



## Treasury Inspector General for Tax Administration

### IMPROVING THE TOLL-FREE TELEPHONE AGREEMENT WOULD BETTER ASSURE TAX-EXEMPT CUSTOMER NEEDS WILL BE MET

Issued on September 18, 2007

## Highlights

Highlights of Report Number: 2007-10-184 to the Internal Revenue Service Commissioner for the Tax Exempt and Government Entities Division.

### IMPACT ON TAXPAYERS

Because the transfer of the toll-free telephone operation to the Wage and Investment (W&I) Division did not involve a change to the toll-free telephone number or system and the Tax Exempt and Government Entities (TE/GE) and W&I Divisions implemented processes for accomplishing this transfer, tax-exempt customers should receive similar levels of customer service to their telephone calls in the short term. However, the transfer did involve a change in how the more complex tax-exempt questions are handled; instead of routing calls to tax-exempt specialists, the call site assistants email the taxpayers' questions to experienced TE/GE Division employees to answer within 5 business days. TIGTA identified significant long-term risks that could lead to a drop in overall service to tax-exempt customers if they are not addressed.

### WHY TIGTA DID THE AUDIT

This audit was initiated because the Internal Revenue Service (IRS) planned to transfer the toll-free telephone operation for tax-exempt customers to the W&I Division at the beginning of Fiscal Year 2007. The overall objective of this audit was to determine whether processes will ensure TE/GE Division customers continue to receive timely and accurate information through the toll-free telephone call site operated by the W&I Division.

### WHAT TIGTA FOUND

The TE/GE and W&I Divisions implemented processes for accomplishing the transfer of the toll-free telephone operation to the W&I Division. Several of the new processes were part of a Memorandum of Understanding established by the two Divisions and provided for continuity of the operation so the transfer was transparent for most tax-exempt customers.

However, the IRS needs to address conflicts that exist among the Memorandum of Understanding in its present form, the principles of the IRS Restructuring and Reform Act of 1998, the IRS Organizational manual, and the IRS mission. For example, technical experts for tax-exempt customers are still managed by the TE/GE Division, yet the Memorandum of Understanding does not provide for the TE/GE Division to play a significant role in identifying service requirements or in maintaining and updating procedures and programs for the W&I Division toll-free telephone operation.

In addition, the W&I Division is not required to obtain approval from the TE/GE Division to deviate from the Internal Revenue Manual provisions outlined in the Customer Account Services Telephone Operations Manual (which provides guidance on tax-exempt questions); TIGTA noted one deviation of this type. Further, the TE/GE Division is not required to review updates to training materials, which presents a risk that incomplete and/or incorrect material could be provided to customer service representatives responding to tax-exempt customers' questions.

Addressing these risks will provide better assurance that the toll-free telephone operation for tax-exempt customers will be able to achieve the strategic goal of improving taxpayer service.

### WHAT TIGTA RECOMMENDED

TIGTA recommended the Commissioner, TE/GE Division, work with the W&I Division to strengthen the existing Memorandum of Understanding. TIGTA also recommended the Commissioner, TE/GE Division, ensure tax-exempt customers are timely notified of operational changes associated with the W&I Division toll-free telephone call site.

The IRS agreed with our recommendations and provided planned actions to address them. The TE/GE and W&I Divisions plan to work together to modify and adopt an addendum to the Memorandum of Understanding to address the recommendations.

### READ THE FULL REPORT

To view the report, including the scope, methodology, and full IRS response, go to:

<http://www.treas.gov/tigta/auditreports/2007reports/200710184fr.pdf>.